

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

Resolution No. 8742 authorizing application to the FY2016 Public Works Board Construction Loan Program in an amount up to \$2.1 million for the NE 4th Street Extension project (CIP Plan No. PW-R-160) and confirming sufficient revenue exists to maintain the project and cover debt repayments during the term of the loan.

FISCAL IMPACT:

This action has no fiscal impact. The application does not commit the City to utilize this financing mechanism, but it does keep the option open for further evaluation. Should the application be selected for funding by the Public Works Board (PWB), staff will return to Council for authorization to execute the loan contract and dedicate the funding for debt repayment.

STAFF CONTACT:

David Berg, Director, 452-6468

Eric Miller, Capital Programming Division Manager, 452-6146

Jen Benn, Program Manager, 425-4270

Transportation Department

POLICY CONSIDERATION:

Comprehensive Plan

- Policy TR-105 directs that the City “Aggressively seek available state and federal funds for transportation capital, operational, maintenance, service, and demand-oriented improvements.”
- The NE 4th Street Extension is considered necessary infrastructure to support the travel demand associated with growth anticipated in the Downtown Bellevue, Bel-Red, and Wilburton/NE 8th Street Subarea Plans. By extending roadway, bicycle, and pedestrian facilities serving developing and redeveloping areas of the City, the project is consistent with Policy TR-25.

Comprehensive Finance Management Policies

- By including the potential for a low-interest loan in the funding mix for the project, this action supports Revenue Policy Section VIII.A “The City should strive to maintain a diversified mix of revenues in order to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability.”
- The PWB loan program allows for a 5-year loan term, which would be supportive of CIP Plan Policy Section XI.N that limits debt for capital projects to short-term obligations.

BACKGROUND:

Public Works Board Construction Loan Program

The Washington State Public Works Board is authorized by state statute (RCW 43.155) to loan money to counties, cities, and special purpose districts to repair, replace, or create public works infrastructure. Low interest loans are made from the public works assistance account, which was established by bond in 1983 and is replenished through loan payments and small allocations of state taxes related to the eligible systems (primarily state Real Estate Excise Taxes). Jurisdictions may receive up to \$7 million in loans within the state's biennial budget.

Approximately \$175 million in loan funding is available for award during the 2015-2017 biennium. The loan program has no administrative fee or match requirement. For non-distressed communities, the interest rate for loans can be 1.28 percent for terms of one to five years or 2.55 percent for loan terms greater than five years. The application deadline is May 16, 2014. The Public Works Board will make a recommendation to the State Legislature during the fourth quarter of 2014, with a loan agreement effective July 1, 2015 if approved by the legislature.

The Transportation Department has utilized Public Works Board Construction loans for two previous projects:

- \$1,000,000 (1988) for NE 8th Street
- \$750,000 (2006) for NE 24th Street.

Payments on the NE 24th Street loan are programmed to continue through 2026 utilizing Public Works Loan – Principal (CIP Plan No. PW-R-82) and Public Works Trust Fund – Interest (CIP Plan No. PW-R-83).

In 2012, the City submitted a Construction Loan Program application for \$3.5 million in support of the NE 4th Street Extension. The PWB recommended a \$2.9 million loan award to the legislature, but due to pressing state budget issues the legislature used a significant portion of the PWB available funds for non-public works purposes and the loan was not authorized.

NE 4th Street Extension

The project, which extends NE 4th Street from 116th to 120th Avenues NE, provides new multi-modal access to/from Downtown Bellevue, the regional freeway system, and the Wilburton and Bel-Red sub-areas – both of which are poised for new development. Phase 1 of the NE 4th Street Extension, from 116th Avenue NE to the BNSF corridor, is currently under construction. Phase 2, which completes the connection to 120th Avenue NE, is slated to begin construction in 2015.

The NE 4th Street Extension has been awarded \$5.6 million in federal grants, of which \$2.1 million is in jeopardy of being returned. A Public Works Board Construction Loan would be a low interest solution to the funding gap that may be created if the grant funds are removed from the project.

EFFECTIVE DATE:

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS:

1. Adopt Resolution No. 8742 authorizing application to the FY2016 Public Works Board Construction Loan Program in an amount up to \$2.1 million for the NE 4th Street Extension project (CIP Plan No. PW-R-160), and confirming sufficient revenue exists to maintain the project and cover debt repayments during the term of the loan.
2. Do not adopt the Resolution and provide alternative direction to staff. By not authorizing the application, a short-term, low-interest loan will not be an available financing option for the NE 4th Street Extension.

RECOMMENDATION:

Adopt Resolution No. 8742 authorizing application to the FY2016 Public Works Board Construction Loan Program in an amount up to \$2.1 million for the NE 4th Street Extension project (CIP Plan No. PW-R-160), and confirming sufficient revenue exists to maintain the project and cover debt repayments during the term of the loan.

MOTION:

Move to adopt Resolution No. 8742 authorizing application to the FY2016 Public Works Board Construction Loan Program in an amount up to \$2.1 million for the NE 4th Street Extension project (CIP Plan No. PW-R-160), and confirming sufficient revenue exists to maintain the project and cover debt repayments during the term of the loan.

ATTACHMENTS:

Proposed Resolution No. 8742

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 8742

A RESOLUTION authorizing execution of the application to the FY2016 Public Works Board Construction Loan Program, in an amount not to exceed \$2,100,000, for the NE 4th Street Extension project (CIP Plan No. PW-R-160) and confirming sufficient revenue exists to maintain the project and cover debt repayments during the term of the loan.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or his designee is hereby authorized to execute the application to the FY2016 Public Works Board Construction Loan Program, in an amount not to exceed \$2,100,000, for the NE 4th Street Extension project (CIP Plan No. PW-R-160) and confirming sufficient revenue exists to maintain the project and cover debt repayments during the term of the loan, a copy of which application has been given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2014, and signed in authentication of its passage this _____ day of _____, 2014.

(SEAL)

Claudia Balducci, Mayor

Attest:

Myrna L. Basich, City Clerk